

NFIB

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ALASKA

February 13, 2017

The Honorable Mia Costello, Chair
Senate Labor & Commerce Committee
State Capitol Building
Juneau, Alaska 99801-1182

RE: Senate Bill 40

Dear Senator Costello:

On behalf of the National Federation of Independent Business/Alaska, I wish to respectfully share our opposition to Senate Bill 40. The National Federation of Independent Business is the largest small-business advocacy group in Alaska.

Senate Bill attempts to craft a definition of an independent contractor for purposes of the workers compensation program. We believe it is far too narrow and prevents many Alaskan entrepreneurs functioning as the independent contractors they truly are. Many of the specific exemptions in current law are a result of difficulty in determining the status in Alaska.

The Internal Revenue Service (IRS) has had a standard dealing with the definition of an independent contractor for many years. It has been litigated and is a fairly well understood standard. We suggest that Alaska use that standard for purposes of workers compensation coverage. I have attached information on that standard for your review.

The IRS standard also has a safe harbor found in Section 530. We believe that Alaska should also have a safe harbor process to accommodate new industries as our employment market changes. An example is current legislation that deals with transportation network company drivers.

We appreciate your consideration of our concerns.

Sincerely yours,



Dennis L. DeWitt
Alaska State Director

Cc: NFIB/AK Leadership Council
Attachments